

CHARTER AGENCY AGREEMENT
BETWEEN
THE GOVERNOR OF THE STATE OF IOWA
AND THE
IOWA DEPARTMENT OF COMMERCE,
ALCOHOLIC BEVERAGES DIVISION

The Division commits to producing the following results in terms of special projects:

Division Special Projects

- The Division, contingent upon receiving the benefits and flexibilities identified below, commits to generating \$5 million of additional General Fund revenue in FY05 above FY03. The Division shall receive credit for sales tax revenue (adjusted for retail sales) related to increased liquor revenue.
- To promote economic growth in Iowa, the Division will partner with grape producers and Iowa alcohol plants to help expand their markets.
- In collaboration with the industry, the Division will expand the variable wholesale liquor market program.
- To improve customer service and save money, the Division will rollout on line licenses and orders.

Charter Agency Benefits and Flexibilities

The Governor and Lt. Governor pledge their support to the Charter Agencies success, and recognize the Division of Alcoholic Beverages and Administrator Lynn Walding, are stepping above and beyond expectations in their willingness to become a Charter Agency. The Division will have the following benefits and flexibilities. These benefits and flexibilities do not supersede the requirements of the Accountable Government Act.

The Department of Management (DOM) will assure that Charter Agencies:

1. May apply to receive grants from the remaining funds in the Charter Agency grant fund.
2. Retain 50 percent of unspent year-end General Fund appropriation (from agency operations) balance for five (5) years, beginning with fiscal year 2004.
3. Are exempt from across-the-board General Fund appropriation cuts for fiscal years 2004 and 2005.
4. Retain 80 percent of all new revenues generated, subject to statutory compliance.
5. May work with the Department of Administrative Services (DAS) and Public Strategies Group (PSG) to develop and implement pilot projects.
6. Benefit from DOM support of legislative changes to further enhance Charter Agency ability to simplify administrative processes and generate revenue.
7. May actively market program-related goods and services to lowans and seek alternate and innovative revenue sources.
8. May charge other governmental agencies for services, following DOM consultation with DAS that indicates the DAS lacks the capacity to provide the service.
9. May propose increases in fees that are commensurate with and directly related to improving services to citizens.
10. May reduce copying and paperwork expenses via use of electronic signatures, record keeping, and transactions where legal authority permits.
11. Are exempted from appropriated full-time equivalent (FTE) limitations for a period of five (5) years, beginning with fiscal year 2004.
12. May evaluate existing "outsourced" state work activities for cost-effectiveness and service delivery quality.

[DAS Human Resources Enterprise-related]

13. May convert PEO (Merit Resources) positions to state FTEs, consistent with collective bargaining agreements and Human Resource Enterprise (HRE) rules.

14. May change the status of “direct report” managerial positions to “at will” positions. Affected employees must agree to the change voluntarily in writing for the change to occur.
15. May increase overlap employment days.
16. May add interns to their workforces.
17. May award “exceptional job performance (performance bonus)” pay to non-contract covered employees or to contract covered employees with the approval of the labor union. This applies to individual employees as well as to employee “teams.”
18. May award “special-duty” pay or “extraordinary duty” pay. Special duty pay applies when an employee is temporarily assigned to a vacant position in a higher class. Extraordinary duty pay applies when an employee is temporarily assigned work duties in a higher class.
19. May create any position in any classification provided that duties are consistent with established classification and filled in compliance with collective bargaining agreements and HRE rules.
20. May award increased pay for increased credentials to non-contract employees or to contract covered employees with the approval of the labor union.

[DAS General Services Enterprise/Information Technology Enterprise--related]

21. May purchase goods and services outside General Services Enterprise (GSE) contracts provided the charter agency can document the cost benefit. Charter agencies purchasing Information Technology Enterprise (ITE) services independently must document that the purchase complies with ITE enterprise technical standards. Charter agencies will periodically report on the nature and value of these goods and services to DAS. Charter agencies will pay the Iowa Code-required one (1) percent purchase fee.
22. May sell or lease capital assets and retain proceeds and may utilize the GSE as an agent in the sale of capital assets.
23. May make their travel arrangements directly with vendors, with appropriate audit-worthy documentation.
24. May, with appropriate audit-worthy documentation, use sole source contracts.

25. May, through addendum, extend contracts beyond the current allowable renewal term.
26. Implement and enforce contract “liquidated damages” clauses.
27. Utilize streamlined contracting requirements for capital projects.
28. May work closely with GSE to implement design and construction work on capital projects.

[DAS State Accounting Enterprise-related]

29. Are required to initial the “batch sheet” (only) as part of the pre-audit process.
30. Utilize a simplified procurement card “coding” system that does not require coding of purchases at the detailed expenditure (objective) level when the bill is paid.
31. Are no longer required to file travel claims when expenses are paid by an outside entity.
32. Are exempted from the requirement to submit pre-contract questionnaires for contracts valued at less than \$1,000.
33. Are exempted from the requirement to submit pre-contract questionnaires for corporate or governmental vendors, provided that information on the questionnaire is still obtained to meet audit requirements.

Additional Terms and Conditions

1. The Director will have the ability to use operational funds for training and travel within the existing budget to promote achievement of goals and projects.
2. The Director will not be restricted by current state guidelines regarding employee recognition. The Director will be able to recognize/reward individuals and/or teams for their significant contributions toward the achievement of goals and projects.
3. The Director will have the ability to pursue collaborative partnering opportunities with outside agencies that benefit the operation of the Alcoholic Beverages Division and the State of Iowa.
4. This Charter Agency Agreement may be amended by mutual agreement of the parties at any time.

Dated this ____ day of _____, 2005.

Thomas J. Vilsack
Governor

Lynn Walding
Administrator, Alcoholic Beverages Division
Iowa Department of Commerce